

Council tax arrears, councils and bailiffs

December 2013

Introduction

The Citizens Advice service provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. It values diversity, promotes equality and challenges discrimination.

The service aims:

- to provide the advice people need for the problems they face
- to improve the policies and practices that affect people's lives.

The Citizens Advice service is a network of over 300 member bureaux that provide free, impartial advice from more than 3,500 locations in England and Wales, including GPs' surgeries, hospitals, community centres, county courts and magistrates' courts.

Citizens Advice has seen a 49% increase in problems with bailiffs since 2007

Since April 2012 our new consumer service has taken over the provision of consumer advice from Consumer Direct. In 2012/13, the Citizens Advice Consumer Advice Service dealt with 880,000 enquiries.

Advice online is available at www.adviceguide.org.uk, which receives over 3 million page views a month.

Background

In April 2013 council tax benefit was replaced with local council tax support. Each local authority is now responsible for setting up and operating its own council tax support scheme. Different councils have taken different approaches with the result that, depending on where they live, individuals and households who previously would have had their entire council tax bill paid are now having to pay up to 30 per cent of their council tax. There is a risk that this could result in an increase in the number of people struggling with council tax arrears and a potential increase in the number of cases referred to bailiffs.

The Citizens Advice service has been seeing problems with the practices of private sector bailiffs, including those enforcing council tax debt, for many years and these problems seem to be growing. The introduction of local council tax support could result in even more problems with private sector bailiffs and Citizens Advice wanted to look at how issues were being handled locally before the introduction of local council tax support and establish what good practice looks like to help us understand and evaluate the impact of the changes to council tax support.

Between March and September 2013, Citizens Advice submitted Freedom of Information (FOI) requests to councils as part of national research into council debt collection and enforcement practices. The aims of the project are:

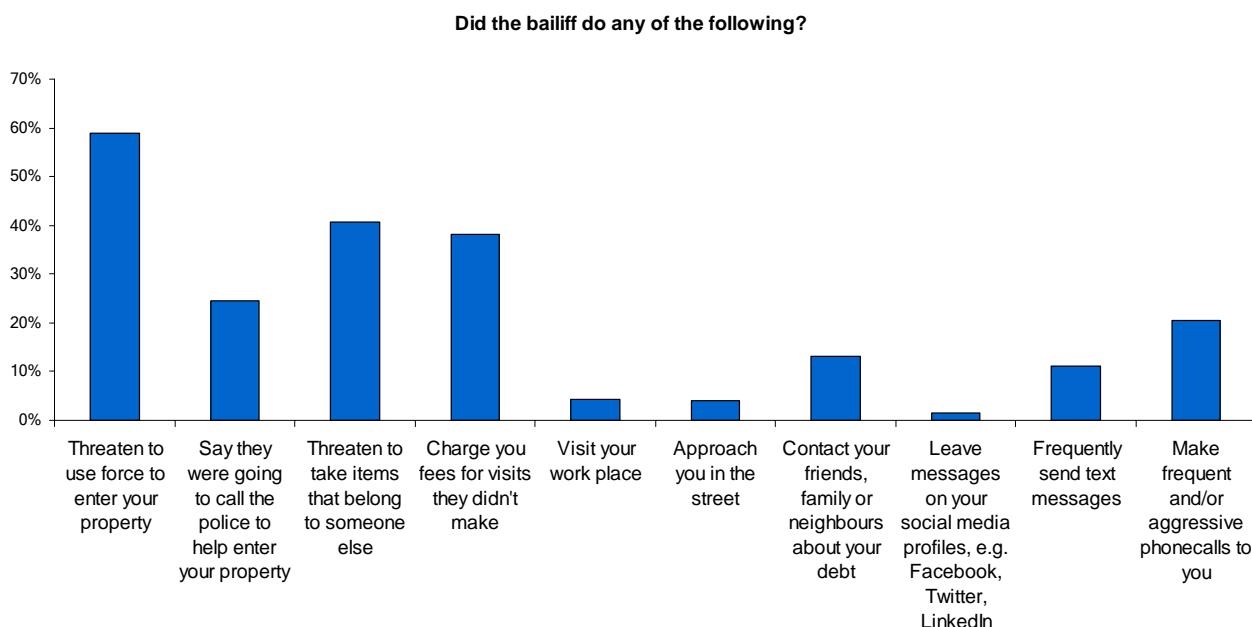
- to build a national evidence base in this area and identify trends;
- to identify and promote good practice across the country; and
- to inform any future amendments to the *good practice protocol on the collection of council tax arrears*.

The data collected from responses to the FOI requests has been amalgamated with an online survey which ran between 10 July and 10 December 2013; data provided by some individual Citizens Advice Bureaux in relation to their local authorities; and data which is available publicly, for example council tax collection rates which are published by the Department for Communities and Local Government (DCLG). The data is supplemented by qualitative information provided by local bureaux.

Experience of bailiffs

A Citizens Advice online survey, which ran between 10 July and 10 December 2013, asked people about their experience of bailiffs. Of the 500 people who had bailiffs chasing them for council tax debts:

- 38% were charged fees for visits bailiffs never made;
- 40% were threatened with removal of items that did not belong to them;
- 1 in 5 received frequent or aggressive phone calls from the bailiff;
- 1 in 10 were bombarded with text messages;
- 13% of people said bailiffs contacted their friends, family or neighbours about their debt;
- 8% had been approached in the street or at work by bailiffs.



As part of the online survey Citizens Advice asked people to provide three words to sum up their experiences of bailiffs, the top five, from those being chased for council tax debts, were: scared, worried, bullies, threatened and frightened.



Some comments made in response to the survey expanded on this:

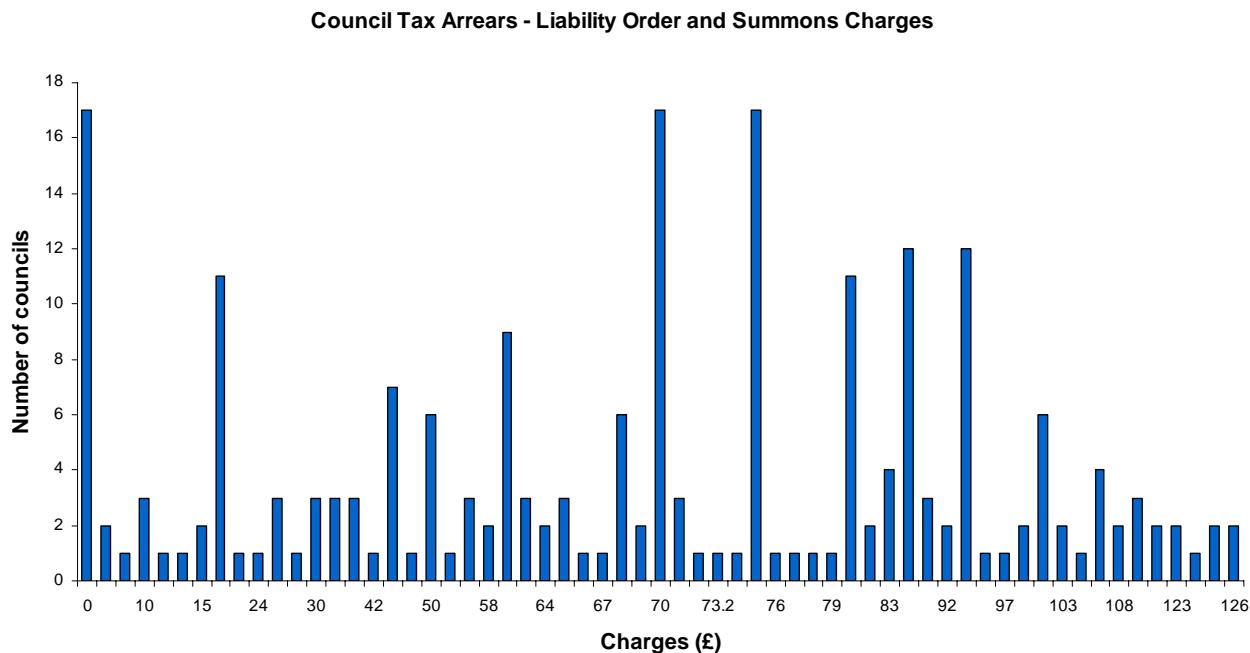
'I absolutely hate them, they insisted on entering my property even though I wasn't even properly dressed. I had a 2 year old child present and they were really intimidating. The amount of council tax was wrong because I had not been given a single parent discount but the council still would not stop the action. They took all my furniture and pictures and only raised about £200 from the sale'

'I have made repeated complaints to [council] and, even when continuing to make payments, have had charges for visits to my property that were not required.'

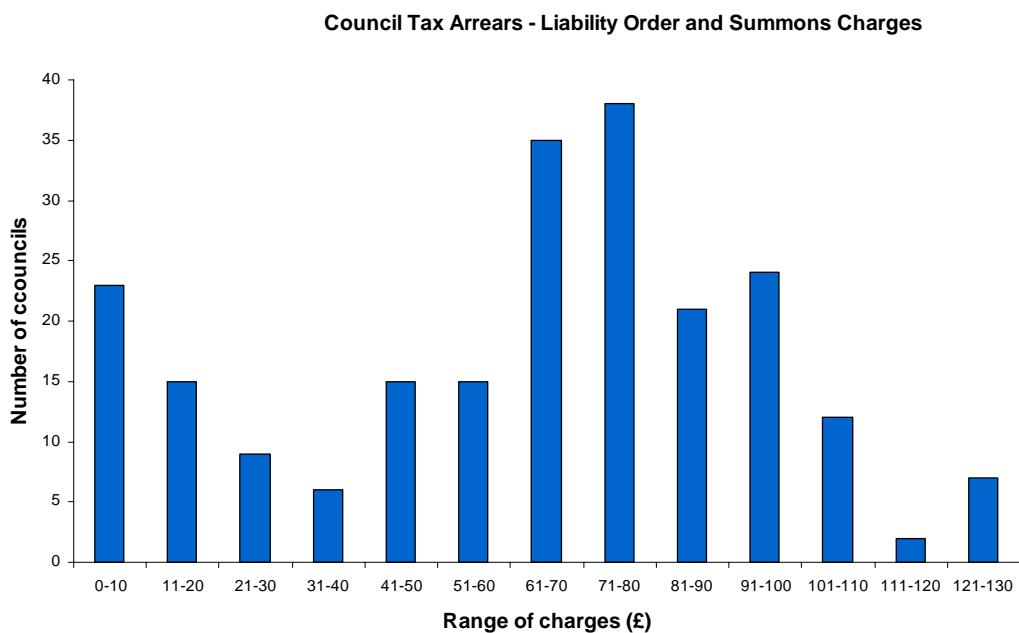
Charges

A council must apply to the magistrates' court for a liability order before a council tax debt can be passed to bailiffs for enforcement. One of the questions we asked councils as part of the FOI request was how much they charged for a liability order. The responses showed a wide range in the amounts charged to summons a council tax payer and arrange for the issue of a liability order.

A number of councils make no charge, absorbing the court costs themselves (typically around £3.00 per case). But at the other end of scale, two councils charge £126. This amount is added on to the arrears of the council tax payer, increasing the amount of their debt, before any bailiff charges are added.



The chart above shows the number of councils imposing charges at different levels for obtaining a liability order for council tax arrears. The chart below shows the same data grouped into ranges of charges.



When the level of charges is viewed alongside the number of liability orders obtained by the council, we can see the potential revenue generated for councils by these charges. In 2012/13 one council charging £126 for the process of obtaining a liability order obtained more than 11,000 liability orders for arrears of council tax, generating potential revenue of almost £1.5 million for that year. Therefore the only thing the council could guarantee was that the overall debt owed by council tax payers would increase by an equivalent amount.

According to the data collected by Citizens Advice, the average charge levied by councils seeking a liability order is around £64 and the average amount added to council tax debt is around £265,000 per council.

In addition, reports from bureaux suggest that councils are taking council tax payers to court, in order to obtain a liability order, for relatively low amounts of debt. One bureau in the South West reported that their local council appeared to have adopted a policy of seeking a liability order after a single missed payment. Other cases reported by bureaux illustrate the low level of debts involved in some cases and how court action can dramatically increase the level of the debt.

A CAB in the South of England saw a young man who was concerned about the levy applied by Bailiffs who arrived at his home over a debt of £21 in respect of council tax arrears. The council had been to court and the fees increased to £101. The bailiffs' fees were then added, taking the total to £251 including a bailiff charge of £150.

A CAB in the East of England reported the case of a woman who had been visited by bailiffs collecting arrears of council tax. The bailiffs did not gain entry but left a bill for £297.30. The original debt to the council £17.80, to which the council had added an enforcement fee of £65, leaving a debt of £82.80 passed to the bailiffs, who then added £214.20 in charges.

Complaints about bailiffs

Almost one quarter of the councils who responded to the FOI request were not able to provide figures for the number of complaints they had received about bailiffs.

Of the councils who were able to provide figures

- 46 per cent reported receiving fewer than 10 complaints over the three year period including 15 per cent who reported having received no complaints.
- 26 per cent reported receiving 25 or more complaints over the three year period.
- 12 per cent reported receiving 50 complaints or more.
- The highest number of complaints reported for any one council over the three year period was 249.
- The average number of complaints reported for the three year period across the councils who recorded complaints was just over 23.

Practically all councils who responded to the FOI request had a complaints procedure which entailed some oversight by them of the complaints process. In the majority of cases this was the standard complaints procedure operated by the council for all complaints about its services.

Councils varied in whether they managed the complaints process with regard to bailiffs, making enquiries of the bailiff firms as appropriate, or whether they monitored the process, allowing the bailiff to deal with it in the first instance and copy them in. Some were more robust than others in their reference to their own responsibilities. The examples below are from councils who appear to be robust about their own responsibilities when there is a complaint about bailiffs:

‘Corporate complaints procedure. We do not refer a debtor back to the bailiff company’;

‘The Council would not refer the matter to the Bailiff Company. The Council would investigate any complaints via its own complaints policy’

Compared with the examples below from councils who appear to be less involved when there are complaints about bailiffs:

‘We do not have a specific complaints procedure for residents who have a grievance over a bailiff’s actions although we do liaise with the bailiff and ensure we receive a copy of any response issued where we are aware that a complaint has been made’; and

‘Normal complaints procedure, see attached website link, but our experience is that residents who are unhappy about a bailiff’s actions will tend to complain direct to the bailiff’

Two councils did not appear to take any responsibility at all for the process of complaints against bailiffs stating:

‘Customers must refer to the Bailiffs Complaints Manager for Council Tax’; and

‘All complaints regarding bailiff action are referred to the bailiffs. There is no other policy in place.’

Next steps

The picture which has emerged from the data is not all bad news. One of the intentions behind the collection of data was to identify and spread good practice and the data shows that there are some excellent examples of good practice by councils.

Examples of good practices which have emerged include councils:

- allowing sufficient time at different stages of the process for individuals to work out ways to pay, before seeking liability orders and/or sending in the bailiffs.
- taking a pragmatic approach, such as not seeking liability orders for small amounts of arrears or where a household is now having to pay some council tax as a result of the replacement of council tax benefit with local council tax support;
- considering each case individually before passing to bailiffs, ensuring bailiffs are the last resort only;
- taking responsibility for dealing with and resolving complaints about bailiffs;
- making reasonable charges for liability orders;
- monitoring the behaviour and effectiveness of bailiffs and managing contracts proactively; and
- using more than one bailiff firm and comparing the results achieved.

Going forward Citizens Advice will look at ways to share, and encourage more councils to adopt, good practice, potentially alongside the existing *Collection of council tax arrears good practice protocol*. Since its introduction in 2009 the protocol has been a great success in promoting fair debt collection practices. In June 2013 the Government

endorsed the protocol and recommended that local authorities, who had not already done so, should commit to it.

We will undertake further analysis of the data over the coming months, together with the collection of additional data about the collection of council tax arrears during 2013/14, to help evaluate the introduction of local council tax support.

It is our goal to look more closely at what councils are doing to help council tax payers, particularly where the number of cases sent to bailiffs is considerably lower than the number of liability orders obtained, to identify whether there is good practice there that can be shared and whether there are potential changes to legislation and/or regulation to help reduce problems with bailiffs enforcing council tax debts.